

2013 DRAFTING REQUEST**Bill**

Received: **11/19/2013** Received By: **jkreye**
 Wanted: **As time permits** Same as LRB:
 For: **LaTonya Johnson (608) 266-5580** By/Representing: **christian**
 May Contact: Drafter: **jkreye**
 Subject: **Tax, Business - credits** Addl. Drafters:
 Extra Copies:

Submit via email: **YES**
 Requester's email: **Rep.Johnson@legis.wisconsin.gov**
 Carbon copy (CC) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Tax credit for summer youth jobs

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 11/25/2013			_____			
/P1	jkreye 12/19/2013	scalvin 12/6/2013	rschluet 12/6/2013	_____	lparisi 12/6/2013		State
/P2	jkreye 1/3/2014	scalvin 12/20/2013	jmurphy 12/23/2013	_____	srose 12/23/2013		State
/1	jkreye	scalvin	rschluet	_____	mbarman	srose	State

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/3		scalvin 1/20/2014	rschluet 1/21/2014	_____	srose 1/21/2014	lparisi 1/21/2014	State

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INTRO

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1/2 sac
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[Handwritten signature and initials]

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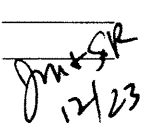
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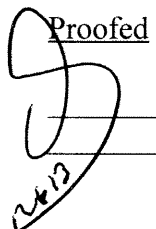
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/?	jkreye	/P1 SAC 12/06/2013	/P1 SAC 12/06/2013				

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11-17/3

ChristianRep Johnson

tax credit for employer

\$500 for ^{summer} youth job

15-21 year old

full-time for 8 weeks - ^{working} between May 1 -

(no existing statutory definition? Aug 31)

federal minimum wage

\$2,500 - max credit

maintain employment over course of the summer

- not want to lay people off to
have summer youth jobs

- maintain & continue head count



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-3674/P1

JK:/.....

See

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

m 11-25-13
D-N

- 1 **AN ACT** *gen cat*; relating to: an income and franchise tax credit for hiring young people
2 for summer employment.

Analysis by the Legislative Reference Bureau

Under this bill, a business may claim an income and franchise tax credit for an amount of the wages that the business pays to an employee during the taxable year if all of the following apply:

1. The business paid the wages for work performed during the period beginning on May 1 and ending on August 31 of the taxable year.
2. The employee is at least 15 years old, but not more than 21 years old.
3. The employee receives an hourly wage that is at least equal to the federal minimum hourly wage.

* The maximum credit amount that a business may claim for the taxable year is \$2,500 for each eligible employee. If the credit amount exceeds the taxpayer's tax liability, the taxpayer does not receive a refund, but, instead, may claim the unused amount in subsequent taxable years.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 3 **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2013 Wisconsin Act
4 20, is amended to read:

1 71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the
2 credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds),
3 (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (4n), (5e),
4 (5f), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8d), and (8r) and not passed through by a
5 partnership, limited liability company, or tax-option corporation that has added that
6 amount to the partnership's, company's, or tax-option corporation's income under s.
7 71.21 (4) or 71.34 (1k) (g).

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 162; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32, 212, 232, 237; 2011 a. 260 ss. 80, 81; 2013 a. 19, 20; s. 13.92 (1) (bm) 2.

8 **SECTION 2.** 71.07 (8d) of the statutes is created to read:

9 **71.07 (8d) YOUTH SUMMER EMPLOYMENT CREDIT.** (a) *Definitions.* In this
10 subsection:

11 1. "Claimant" means a person who files a claim under this subsection.

12 2. "Full-time" means at least 40 hours a week.

13 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
14 claimant may claim as a credit against the taxes imposed under s. 71.02, up to the
15 amount of the tax, an amount that is equal to the amount of the wages that the
16 claimant paid in the taxable year to an employee, if all of the following apply:

17 1. The claimant paid the wages for work performed during the period beginning
18 on May 1 and ending on August 31 of the taxable year.

19 2. The employee is at least 15 years old, but not more than 21 years old.

20 3. The employee receives an hourly wage that is at least equal to the federal
21 minimum hourly wage.

22 (c) *Limitations.* 1. The maximum amount that a claimant may claim as credit
23 under this subsection in a taxable year is \$2,500 for each eligible employee.

2. No person may claim a credit under this subsection if the person terminates an employee's employment in order to hire an employee for which the person may claim a credit under this subsection.

3. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

(d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

SECTION 3. 71.10 (4) (cs) of the statutes is created to read:

71.10 (4) (cs) Youth summer employment credit under s. 71.07 (8d).

SECTION 4. 71.21 (4) (a) of the statutes, as affected by 2013 Wisconsin Act 20,

is amended to read:

71.21 (4) (a) The amount of the credits computed by a partnership under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8d), and (8r) and passed through to partners shall be added to the partnership's income.

History: 1987 a. 312, 411; 1989 a. 31; 1993 a. 112; 1995 a. 27, 400; 1997 a. 27; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; 2007 a. 20, 96; 2009 a. 2, 28, 265, 269, 295, 332; 2011 a. 32, 212, 232; 2011 a. 260 s. 80; 2013 a. 20.

SECTION 5. 71.26 (2) (a) 4. of the statutes is amended to read:

71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8d), (8r), and (9s) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, limited liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

~~NOTE: NOTE: Subd. 4. is shown as affected by 2011 Wis. Acts 212 and 232 and as merged by the legislative reference bureau under s. 13.92 (2) (4) NOTE:~~

History: 1987 a. 312; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428; 1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 106, 109; 2003 a. 33, 85, 99, 135, 255, 326; 2005 a. 25, 74, 335, 361, 362, 479, 483; 2007 a. 20, 96, 97, 151, 226; 2009 a. 2, 28, 161, 165, 180, 183, 205, 265, 269, 295, 332, 344; 2011 a. 3, 5, 7, 10, 32, 212, 232; 2011 a. 260 s. 80; 2013 a. 20; s. 13.92 (2) (i); s. 35.17 correction in (2) (a) 10.

SECTION 6. 71.28 (8d) of the statutes is created to read:

71.28 (8d) YOUTH SUMMER EMPLOYMENT CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person who files a claim under this subsection.

2. "Full-time" means at least 40 hours a week.

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the taxes imposed under s. 71.23, up to the amount of the tax, an amount that is equal to the amount of the wages that the claimant paid in the taxable year to an employee, if all of the following apply:

1. The claimant paid the wages for work performed during the period beginning on May 1 and ending on August 31 of the taxable year.

2. The employee is at least 15 years old, but not more than 21 years old.

3. The employee receives an hourly wage that is at least equal to the federal minimum hourly wage.

(c) *Limitations.* 1. The maximum amount that a claimant may claim as credit under this subsection in a taxable year is \$2,500 for each eligible employee.

2. No person may claim a credit under this subsection if the person terminates an employee's employment in order to hire an employee for which the person may claim a credit under this subsection.

3. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

(d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under sub. (4), applies to the credit under this subsection.

^x
SECTION 7. 71.30 (3) (cs) of the statutes is created to read:

71.30 (3) (cs) Youth summer employment credit under s. 71.28 (8d).

^y
SECTION 8. 71.34 (1k) (g) of the statutes is amended to read:

71.34 (1k) (g) An addition shall be made for credits computed by a tax-option corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8d), and (8r) and passed through to shareholders.

History: 1987 a. 312; 1987 a. 411 ss. 18, 23, 146; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 16, 109; 2003 a. 33, 99, 135, 255, 326; 2005 a. 25, 49, 74, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 161, 183, 265, 269, 295, 332; 2011 a. 32, 212, 232; 2011 a. 260 s. 80; 2013 a. 20.

SECTION 9. 71.45 (2) (a) 10. of the statutes is amended to read:

71.45 (2) (a) 10. By adding to federal taxable income the amount of credit computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8d), (8r), and (9s) and not

1 passed through by a partnership, limited liability company, or tax-option
2 corporation that has added that amount to the partnership's, limited liability
3 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and
4 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

NOTE: NOTE: Subd. 10. is shown as affected by 2011 Wis. Acts 212 and 232 and as merged by the legislative reference bureau under s. 13.92 (2) (i).NOTE:

History: 1987 a. 312; 1989 a. 31, 336, 359; 1991 a. 37, 39, 269; 1993 a. 16, 112, 263, 437; 1995 a. 27, 56, 371, 380; 1997 a. 27, 37, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 109; 2003 a. 37, 85, 99, 135, 257, 326; 2005 a. 74, 297, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 165, 205, 265, 269, 295, 332, 344; 2011 a. 3, 5, 32, 212, 232; 2011 a. 260 s. 80; 2013 a. 20; 13.92 (2) (i).

5 **SECTION 10.** 71.47 (8d) of the statutes is created to read:

6 71.47 (8d) YOUTH SUMMER EMPLOYMENT CREDIT. (a) *Definitions.* In this
7 subsection:

- 8 1. "Claimant" means a person who files a claim under this subsection.
9 2. "Full-time" means at least 40 hours a week.

10 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
11 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the
12 amount of the tax, an amount that is equal to the amount of the wages that the
13 claimant paid in the taxable year to an employee, if all of the following apply:

- 14 1. The claimant paid the wages for work performed during the period beginning
15 on May 1 and ending on August 31 of the taxable year.
16 2. The employee is at least 15 years old, but not more than 21 years old.
17 3. The employee receives an hourly wage that is at least equal to the federal
18 minimum hourly wage.

19 (c) *Limitations.* 1. The maximum amount that a claimant may claim as credit
20 under this subsection in a taxable year is \$2,500 for each eligible employee.

21 2. No person may claim a credit under this subsection if the person terminates
22 an employee's employment in order to hire an employee for which the person may
23 claim a credit under this subsection.

1 3. Partnerships, limited liability companies, and tax-option corporations may
2 not claim the credit under this subsection, but the eligibility for, and the amount of,
3 the credit are based on their payment of amounts under par. (b). A partnership,
4 limited liability company, or tax-option corporation shall compute the amount of
5 credit that each of its partners, members, or shareholders may claim and shall
6 provide that information to each of them. Partners, members of limited liability
7 companies, and shareholders of tax-option corporations may claim the credit in
8 proportion to their ownership interests.

9 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
10 s. 71.28 (4), applies to the credit under this subsection.

11 ✱
SECTION 11. 71.49 (1) (cs) of the statutes is created to read:

12 71.49 (1) (cs) Youth summer employment credit under s. 71.47 (8d).

13 **SECTION 12. Initial applicability.**

14 (1) This act first applies to taxable years beginning on January 1, 2014.

15 (END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3674/P1dn

JK:f:....

Swc

- date -

Representative Johnson:

Please review this draft carefully to ensure that it is consistent with your intent. Specifically, please note the following:

- ✕
1. I was not able to use the definition for "full-time job" under s. 238.00³ (2m) (a) because that definition refers to "regular, nonseasonal" positions. I assume that most jobs eligible for the credit created in the draft will not be regular, nonseasonal positions.
 2. As drafted, the credit would also apply to an employee who works year round for the employer. For example, a young person could work part-time for the employer during the school year and then increase his or her hours for the summer. The employer could then claim the credit based on the summer wages. Is this consistent with your intent?
 3. The credit may not be the most effective means to encourage hiring young people for summer jobs and may, instead, simply reward some employers for doing something they were going to do anyway. For example, it is my understanding that businesses in the Wisconsin Dells hire young people from all over the world during the summer to fill the demand for employment. The bill, as drafted, would allow such employers to claim the credit. Is that OK?
 4. Do you want to cap the total amount of credits that all taxpayers may claim in any taxable year? The draft only caps the amount that may be claimed for each eligible employee. If you want to create an aggregate cap on the amount of credits claimed, you may want to consider having the Wisconsin Economic Development Corporation administer the credit allocation.

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3674/P1dn

JK:sac:rs

December 6, 2013

Representative Johnson:

Please review this draft carefully to ensure that it is consistent with your intent. Specifically, please note the following:

1. I was not able to use the definition for "full-time job" under s. 238.30 (2m) (a) because that definition refers to "regular, nonseasonal" positions. I assume that most jobs eligible for the credit created in the draft will not be regular, nonseasonal positions.
2. As drafted, the credit would also apply to an employee who works year round for the employer. For example, a young person could work part-time for the employer during the school year and then increase his or her hours for the summer. The employer could then claim the credit based on the summer wages. Is this consistent with your intent?
3. The credit may not be the most effective means to encourage hiring young people for summer jobs and may, instead, simply reward some employers for doing something they were going to do anyway. For example, it is my understanding that businesses in the Wisconsin Dells hire young people from all over the world during the summer to fill the demand for employment. The bill, as drafted, would allow such employers to claim the credit. Is that OK?
4. Do you want to cap the total amount of credits that all taxpayers may claim in any taxable year? The draft only caps the amount that may be claimed for each eligible employee. If you want to create an aggregate cap on the amount of credits claimed, you may want to consider having the Wisconsin Economic Development Corporation administer the credit allocation.

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-3674/P1

JK:sac:rs

RMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 12-19-13

JOON

D-N

gen cat

- 1 AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g) and
2 71.45 (2) (a) 10.; and *to create* 71.07 (8d), 71.10 (4) (cs), 71.28 (8d), 71.30 (3) (cs),
3 71.47 (8d) and 71.49 (1) (cs) of the statutes; **relating to:** an income and
4 franchise tax credit for hiring young people for summer employment.

Analysis by the Legislative Reference Bureau

Under this bill, a business may claim an income and franchise tax credit for an amount of the wages that the business pays to an employee during the taxable year if all of the following apply:

1. The business paid the wages for work performed during the period beginning on May 1 and ending on August 31 of the taxable year.
2. The employee is at least 15 years old, but not more than 21 years old.
3. The employee receives an hourly wage that is at least equal to the federal minimum hourly wage.

The maximum credit amount that a business may claim for the taxable year is \$2,500 for each eligible employee. If the credit amount exceeds the taxpayer's tax liability, the taxpayer does not receive a refund but, instead, may claim the unused amount in subsequent taxable years.

not to exceed \$7,500

Insert A

\$1,500

and

not

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

^x
1 **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2013 Wisconsin Act
2 20, is amended to read:

3 71.05 (6) (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the
4 credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds),
5 (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (4n), (5e),
6 (5f), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8d), and (8r) and not passed through by a
7 partnership, limited liability company, or tax-option corporation that has added that
8 amount to the partnership's, company's, or tax-option corporation's income under s.
9 71.21 (4) or 71.34 (1k) (g).

[✓]
10 **SECTION 2.** 71.07 (8d) of the statutes is created to read:

11 71.07 (8d) YOUTH SUMMER EMPLOYMENT CREDIT. (a) *Definitions.* In this
12 subsection:

13 1. "Claimant" means a person who files a claim under this subsection.

14 2. "Full-time" means at least ³⁵~~40~~ hours a week.

15 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
16 claimant may claim as a credit against the taxes imposed under s. 71.02, up to the
17 amount of the tax, an amount that is equal to the amount of the wages that the
18 claimant paid in the taxable year to an employee, if all of the following apply:

19 1. The claimant paid the wages for work performed during the period beginning
20 on May 1 and ending on August 31 of the taxable year.

21 2. The employee is at least 15 years old, but not more than 21 years old.

, not to exceed \$7,500

Insert B

3. The employee receives an hourly wage that is at least equal to the federal minimum hourly wage.

(c) *Limitations.* 1. The maximum amount that a claimant may claim as credit under this subsection in a taxable year is ~~\$2,500~~ *\$1,500* for each eligible employee.

2. No person may claim a credit under this subsection if the person terminates an employee's employment in order to hire an employee for which the person may claim a credit under this subsection.

3. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

(d) *Administration.* Section 71.28 (4) ~~(e)~~ *(g) and* (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

x
SECTION 3. 71.10 (4) (cs) of the statutes is created to read:

71.10 (4) (cs) Youth summer employment credit under s. 71.07 (8d).

x
SECTION 4. 71.21 (4) (a) of the statutes, as affected by 2013 Wisconsin Act 20, is amended to read:

71.21 (4) (a) The amount of the credits computed by a partnership under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r),

(5rm), (6n), (8d), and (8r) and passed through to partners shall be added to the partnership's income.

SECTION 5. 71.26 (2) (a) 4. of the statutes is amended to read:

71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8d), (8r), and (9s) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, limited liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 6. 71.28 (8d) of the statutes is created to read:

71.28 (8d) YOUTH SUMMER EMPLOYMENT CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person who files a claim under this subsection.

2. "Full-time" means at least 40 hours a week.

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the taxes imposed under s. 71.23, up to the amount of the tax, an amount that is equal to the amount of the wages that the claimant paid in the taxable year to an employee, if all of the following apply:

1. The claimant paid the wages for work performed during the period beginning on May 1 and ending on August 31 of the taxable year.

2. The employee is at least 15 years old, but not more than 21 years old.

3. The employee receives an hourly wage that is at least equal to the federal minimum hourly wage.

Insert B

not to exceed \$7,500

(c) *Limitations.* 1. The maximum amount that a claimant may claim as credit under this subsection in a taxable year is ~~\$2,500~~ ^{\$1,500} for each eligible employee.

2. No person may claim a credit under this subsection if the person terminates an employee's employment in order to hire an employee for which the person may claim a credit under this subsection.

3. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

(d) *Administration.* Subsection (4) ^{(g) and} (e) to (h), as it applies to the credit under sub. (4), applies to the credit under this subsection.

^x
SECTION 7. 71.30 (3) (cs) of the statutes is created to read:

71.30 (3) (cs) Youth summer employment credit under s. 71.28 (8d).

[✓] **SECTION 8.** 71.34 (1k) (g) of the statutes ^{as affected by 2013 Wisconsin Act 20} is amended to read:

71.34 (1k) (g) An addition shall be made for credits computed by a tax-option corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8d), and (8r) and passed through to shareholders.

^x
SECTION 9. 71.45 (2) (a) 10. of the statutes is amended to read:

71.45 (2) (a) 10. By adding to federal taxable income the amount of credit computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),

(3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8d), (8r), and (9s) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, limited liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

SECTION 10. 71.47 (8d) of the statutes is created to read:

71.47 (8d) YOUTH SUMMER EMPLOYMENT CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a person who files a claim under this subsection.

2. "Full-time" means at least 40 hours a week.

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the taxes imposed under s. 71.43, up to the amount of the tax, an amount that is equal to the amount of the wages that the claimant paid in the taxable year to an employee, if all of the following apply:

1. The claimant paid the wages for work performed during the period beginning on May 1 and ending on August 31 of the taxable year.

2. The employee is at least 15 years old, but not more than 21 years old.

3. The employee receives an hourly wage that is at least equal to the federal minimum hourly wage.

(c) *Limitations.* 1. The maximum amount that a claimant may claim as credit under this subsection in a taxable year is \$2,500 for each eligible employee.

2. No person may claim a credit under this subsection if the person terminates an employee's employment in order to hire an employee for which the person may claim a credit under this subsection.

3. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

(d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

SECTION 11. 71.49 (1) (cs) of the statutes is created to read:

71.49 (1) (cs) Youth summer employment credit under s. 71.47 (8d).

SECTION 12. Initial applicability.

(1) This act first applies to taxable years beginning on January 1, 2014.

(END)

D-N

**2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3674/P2ins
JK:sac:rs

Insert A

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4. The employee was a resident of this state on January 1 of the year in which the employee is employed by the taxpayer.

5. The employee resides in a county where the average rate of total unemployment is 6 percent or greater, as determined by the U.S. secretary of labor based on jobs data for March of the year in which the employee is employed by the taxpayer.

6. The employee is a U.S. citizen.

Insert B

9

1 4. The employee was a resident of this state on January 1 of the year in which
2 the employee is employed by the claimant.

3 5. The employee resides in a county where the average rate of total
4 unemployment is 6 percent or greater, as determined by the U.S. secretary of labor
5 based on jobs data for March of the year in which the employee is employed by the
6 claimant.

7 6. The employee is a U.S. citizen.

Kreye, Joseph

From: Rep.Johnson
Sent: Thursday, December 19, 2013 1:49 PM
To: Kreye, Joseph
Subject: Changes to LRB 3674/P1

Hi Joe,

Thank for your note on this draft. Rep. Johnson has a few changes that she'd like to make to the bill.

In response to your questions:

- ~~1)~~ Full-time can mean at least **35** hours per week
- ~~2)~~ Yes, an employer can claim a current youth employee for full-time hours worked over the summer by the same employee.
- ~~3)~~ To address foreign or out-of-state workers qualifying for the credit, we would like to limit it to youth employees who are Wisconsin residents as of Jan. 1st and U.S. citizens if possible.
- ~~4)~~ We hadn't thought of adding a cap, but think the changes outlined below will further limit the number of qualifying employees.

Further changes:

- ~~1)~~ Qualifying youth employee's residence must be in a WI county with an unemployment rate of 6% or greater based on that year's March jobs data (released in April)
- ~~2)~~ Maximum tax credit per employee is \$1500, max number of youth employees claimed per employer is 5.
- ~~3)~~ Tax credit is non-refundable and may not be carried over into subsequent years.

Thanks, and let me know if you have any questions or concerns about these changes.

Christian Ullsvik
Office of Rep. LaTonya Johnson
17th Assembly District

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3674/P2dn

JK:sac:rs

- dte -

✓
Representative Johnson:

Please review this draft carefully to ensure that it is consistent with your intent. This draft is based on the email I received from Christian on Thursday, December 19, 2013.

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3674/P2dn
JK:sac:jm

December 23, 2013

Representative Johnson:

Please review this draft carefully to ensure that it is consistent with your intent. This draft is based on the email I received from Christian on Thursday, December 19, 2013.

Joseph T. Kreye
Senior Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov

Kreye, Joseph

From: Ullsvik, Christian
Sent: Thursday, January 02, 2014 8:46 AM
To: Kreye, Joseph
Subject: LRB 3674/P2dn

Hi Joe,

The Summer Youth Employment Tax Credit looks great, and we are ready to have it drafted for introduction. Thanks!

Christian Ullsvik
Office of Rep. LaTonya Johnson
17th Assembly District